MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2019/2020

BAB1014 – FINANCIAL ACCOUNTING FOR MANAGERS

(All Sections/Groups)

14 MARCH 2020
2.30 p.m – 4.30 p.m
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 8 pages excluding cover page with 4 Questions only.
2. Attempt **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.
3. Please print all your answers in the Answer Booklet provided.

QUESTION 1

Part A

The following transactions took place in January 2020 for Golf Sport Centre located at Ayer Keroh Country Resort, Melaka.

Date	Transactions
Jan 1	Purchased golf bags, clubs and balls on account from Zakers Company RM5,500, terms 3/10, n/60.
3	Purchased golf shoes, sweaters and other accessories on cash from Adidos Sportwear RM2,500.
6	Returned the damaged clubs and balls purchased on 1st January to Zakers Company for RM1,000.
10	Paid Zakers Company in full.
15	Paid utility bills to Syarikat Air and TNB with total of RM800 cash.
20	Sold golf shoes and sweaters to Mr John RM1,340 on cash.
22	Made refunds to Mr John for golf shoes and sweaters that did not fit properly RM500.
28	Purchased new sport equipment worth RM9,000, paying RM5,000 in cash and the balance was on credit.
30	Paid RM2,000 cash for employee salaries.

Required: Prepare journal entries to record the above transactions.

(20 marks)

Continued ...

Part B

Identify which of the following accounting concepts is being violated in each of the situations below:

Money Measurement	Periodic	Going Concern	Dual Aspect
Historical Cost	Matching	Consistency	Business Entity

1. Kirana Company used the FIFO costing method for valuation of its inventory last year, but this year the Weighted Average Cost (WAC) method is being used.

2. Zetty, the owner of Kirana Company combines her savings and business's cash into one bank account.

3. The financial statements of Kirana Company were prepared on the assumption that the business is going to be discontinued.

4. The current market value of building owned by Kirana Company is RM2 million. The original cost was RM800, 000 when it was acquired five years ago. The building was stated at RM2 million in the financial statement.

5. Kirana Company has not prepared financial statements for external users for over three years.

(5 marks)

(Total: 25 marks)

Continued ...

QUESTION 2

The following balances were extracted from the books of Sally Enterprise as at 31st December 2019:

Items	Debit (RM)	Credit (RM)
Purchase & Sales	175,000	282,500
Return Inwards	2,500	
Return Outwards		1,650
Carriage Inwards	1,250	
Carriage Outwards	6,000	
Accounts Receivable & Accounts Payable	34,000	22,500
Land and Building	250,000	
Furniture	25,500	
Motor Vehicles	150,000	
Accumulated depreciation: Furniture Motor Vehicles		 10,650 54,000
Loan from Public Bank		230,000
Utilities	3,700	
Insurance	7,800	
Salary	24,000	
Fixed Deposit	11,000	
Bad debt	2,600	
General expenses	4,200	
Cash	7,400	
Bank	42,250	
Inventory as at 1st January 2019	56,000	
Commission paid	3,500	
Commission received		5,100
Discount allowed and Discount received	2,500	3,900
Interest on loan	1,200	
Interest received		1,100
Drawings	4,000	
Allowance for Doubtful Debt		3,000
Capital		200,000
	814,400	**814,400**

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Additional Information:

a. Inventory as at 31st December 2019 was valued at RM30,000.
b. The owner took goods worth RM1,500 and cash RM1,000 for her personal use.
c. The following expenses are still outstanding as at 31st December 2019:
   - General expenses RM600
   - Utilities RM250
d. One of the employees was given an advance salary of RM500 and no record has been made in the account.
e. During the year, the owner contributed additional RM10,000 cash.
f. Depreciation for the year are to be provided as follows:
   - Furniture 10% on Cost
   - Motor Vehicles 20% on Net Book Value

Required:

(i) Prepare Income Statement for the year ended 31st December 2019.

(10 marks)

(ii) Prepare Statement of Financial Position as at 31st December 2019.

(15 marks)

(Total: 25 marks)

Continued ...

QUESTION 3

Part A

The statement of financial position of Etika Enterprise is presented below:

Statement of Financial Position as at 31st December 2019			
	RM	**RM**	**RM**
Non-current Assets	Cost	Accumulated depreciation	Net book value
Office equipment	100,000	40,000	60,000
Machinery	400,000	275,000	125,000
Motor Vehicles	200,000	155,000	45,000
Current Assets			
Inventory			28,500
Accounts receivable			39,450
Cash			16,000
Prepaid expenses			2,500
TOTAL ASSET			**316,450**
Financed by:			
Capital			100,000
Add: Net Profit			56,550
Less: Drawings			(6,600)
			149,950
Non-Current Liability			
Long term loan			100,000
Current Liabilities			
Account payable			60,000
Accrued expenses			6,500
TOTAL EQUITY AND LIABILITIES			**316,450**

Additional information:

a. Net sales and cost of goods sold for the year were RM210,000 and RM84,000 respectively.
b. Inventories as at 1st January 2019 were valued at RM15,500.

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Required:

You are required to calculate the following ratios for the business and briefly explain your findings. *(Round off into two decimals points)*

1. Gross Profit Margin
2. Net Profit Margin
3. Inventory Turnover Ratio
4. Current Ratio
5. Acid Test Ratio

(13 marks)

Part B

The following items were taken from the financial statements of Milo Enterprise over a four-year period:

Item	**2019**	**2018**	**2017**	**2016**
	RM	RM	RM	RM
Sales	270,800	252,600	234,560	150,000
Cost of Goods Sold	122,080	115,280	106,440	67,000
Accounts receivable	17,300	16,400	15,200	9,000

Required:

(i) Using horizontal analysis and 2016 as the base year, calculate the trend percentages for net sales, cost of goods sold, and accounts receivable for year of 2017, 2018 and 2019. *(Round off into two decimals points)*

(9 marks)

(ii) Explain whether the trends are favorable or unfavorable for each item.

(3 marks)

(Total: 25 marks)

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QUESTION 4

Part A

On 1st January 2020, Cheezy Bakery received the monthly bank statement for the month ended 31 December 2019. The bank statement contained the following details:

Bank Statement as at 31st December 2019

Date	Description	Cheque No.	Debit (RM)	Credit (RM)	Balance (RM)
Dec 1	Opening Balance				2,031.00 CR
10	Deposit			100.00	2,131.00 CR
12	Deposit			1,221.00	3,352.00 CR
12	Cheque	181178	250.00		3,102.00 CR
13	Cheque	181180	200.00		2,902.00 CR
15	Deposit			1,000.00	3,902.00 CR
16	Cheque	181182	2,500.00		1,402.00 CR
18	Credit Transfer			150.00	1,552.00 CR
19	Dividend			100.00	1,652.00 CR
19	Deposit			200.00	1,852.00 CR
20	Deposit			121.00	1,973.00 CR
20	Cheque	181181	960.00		1,013.00 CR
21	Cheque	181183	500.00		513.00 CR
25	Dishonoured cheque		200.00		313.00 CR
30	Standing Order		210.00		103.00 CR
30	Bank Charges		10.00		93.00 CR
30	Interest		25.00		68.00 CR
31	Direct Debit		100.00		(32.00) DR

For the corresponding period, Cheezy Bakery bank records are:

Bank account

Date	Particulars	Amount (RM)	Date	Particulars	Cheque No.	Amount (RM)
2019			2019			
Dec 1	Balance b/d	2,031.00	Dec 1	Basmat Co.	181178	250.00
10	Flour Sdn Bhd	100.00	4	Purchases	181179	1,320.00
12	Raisin Ent.	1,221.00	6	Basmat Co.	181180	200.00
15	Irfan	1,000.00	10	Stationaries	181181	690.00
19	Danny	200.00	12	Purchases	181182	2,500.00
25	Almond Ent.	1,200.00	18	Telephone	181183	500.00
30	Sugary Bhd	90.00	20	Sales	472831	121.00
30	Sales	250.00	28	Salaries	181184	2,000.00
31	Balance c/d	1,489.00				
		7,581.00				**7,581.00**

Continued ...

Additional information:

a. The transactions recorded by the bank (as on bank statement) are deemed correct.
b. On 10th December 2019, the business had wrongly recorded a cheque for RM960 paid for stationaries as RM690.
c. On 20th December 2019, cash sales worth RM121 was wrongly recorded as payment in the bank account.

Required:

(i) Update the Bank account for the month of December 2019.

(11 marks)

(ii) Prepare Bank Reconciliation Statement as at 31st December 2019.

(5 marks)

Part B

You are provided with the following transactions that took place during a recent fiscal year. Assuming that the company uses *indirect method* to report cash provided by operating activities.

Transaction	**Operating (O) activities, Investing (I) activities, Financing (F) activities or Non-Cash (NC) transaction.**
1. Exchange of land for patent.	
2. Cash proceed from a sale of building.	
3. Loss on sale of building.	
4. Purchase of file cabinet.	
5. Paid cash to settle long-term note payable.	
6. Payment of dividend to shareholders.	
7. Accounts receivable increased in the year.	
8. Operating expense decreased in the year.	
9. Common shares was issued for cash.	

Required:

Classify each of the transaction as either Operating activity, Investing activity, Financing activity or Non-Cash transaction.

(9 marks)

(Total: 25 marks)

End of Paper